

MEMORANDUM

progress
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MCD

August 23, 2002

AUG 12, 2002

REPORT TO THE COMMISSIONERS

OPERATING COMMITTEE
APPROVED

FROM: Chuck Lutz, Interim Executive Director

SUBJECT: Consent to Assignment and Addendum to Master Use Agreement
State and Orpheum Theaters

Previous Directives: The Council approved negotiating a Master Use Agreement with Theater Live! on January 17, 1995. The Council extended that authorization to execute a restated Agreement on December 3, 1997 (for July 1, 1999 to June 30, 2004).

Ward: 5th & 7th

Neighborhood Group Notification: NA

Consistency with *Building a City That Works*: Goal 4: Preserve and enhance the historic structures, urban institutions, environments and amenities that define Minneapolis...Objective A: Assure that downtown Minneapolis remains the retail, employment and entertainment center of the region...

Comprehensive Plan Compliance: NA

Zoning Code Compliance: NA

Impact on MCD Budget: The approval of business terms for the Master Use Agreement (MUA) has a secondary affect on the budget as approved by the City Council annually. The proposed assignment and addendum to the MUA is not expected to have a negative impact on current budget assumptions.

Living Wage / Business Subsidy: NA

Job Linkage: NA

Affirmative Action Compliance: NA

Recommendation: That the Board of Commissioners (1) consent to the assignment of the terms of the Master Use Agreement from Theatre Live! to Hennepin Theatre Trust for the Fifth Season (2003-2004); and (2) authorize the Interim Executive Director or his designee to execute such a consent and an Addendum to the Master Use Agreement providing for the calculation of Performance Credits based on productions of Broadway Theater promoted by either Theatre Live! or Hennepin Theatre Trust.

MCDA initially entered into a Master Use Agreement (MUA) with Theater Live! (TL!) on January 23, 1996. This original Agreement granted TL! the exclusive right to present a Broadway Subscription Series at the State and Orpheum Theatres for three seasons from July 1, 1996 through June 30, 1999. An act by the Board on December 3, 1997 extended that MUA through June 30, 2004, when a number of terms were authorized and agreed to including terms, right of first refusal, union productions, and user fees.

Due to tax law changes at the state, TL! has requested that MCDA consent to an assignment of TL!'s rights and obligations under the MUA for the Fifth Season (2003-2004) to Hennepin Theater Trust (HTT) as provided in Section 13.8 of the MUA. HTT's mission is to sponsor events at venues in the Hennepin Theatre District and to otherwise provide arts education opportunities, assist in the preservation of the historic theaters, and promote the Hennepin Theatre District. All of TL!'s obligations under the MUA would be assumed by HTT for the Fifth Season under the proposed assignment.

A key feature of the existing MUA is the required Professional Management Services Agreement (PMSA) with Clear Channel Entertainment (CCE), formerly SFX, formerly Jujamcyn. The PMSA obligates the holder of the MUA to work in concert with a theatre consultant in packaging and promoting a Subscription Broadway Season at the State and the Orpheum. The existing PMSA between TL! And CCE expires after the current (Fourth) Season. Therefore, HTT will need to negotiate an extension for the Fifth Season (2003-2004) with CCE or another consultant acceptable to MCDA.

Another section of the MUA provides for the payment of Performance Credits to TL! based on the total number of weeks of Broadway events presented during a given year. This credit is intended to be an incentive to maximize Broadway bookings at the theaters, thereby generating the maximum amount of Restoration Fees for bond debt service and to serve as an economic stimulus for the surrounding retail, restaurant, and hotel businesses. Because both TL! and HTT have promoted Broadway shows during portions of the Third (2001-2002) and Fourth (2002-2003) Seasons, TL! has requested an addendum to the MUA that would include qualified shows produced by either of them in calculating the annual Performance Credit. TL! would then prorate the amount of the Credit between TL! and HTT. Since this would not increase the amount of the Credit

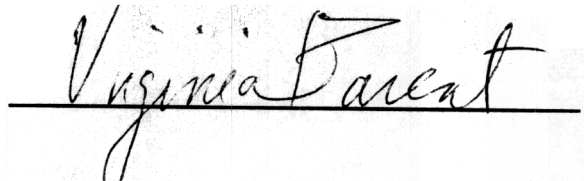
that would have been due TL! had the formation of HTT not been necessary due to the tax law changes, staff concurs with the proposed addendum.

This report was prepared by Wayne Olson (673-5090) and Phil Handy (673-5010).

CERTIFICATE

I, Virginia Parent, MCDA Board Coordinator to the Board of Commissioners of the Minneapolis Community Development Agency, certify that the attached Document No. 2002-191M was adopted at the regular meeting of the Commissioners of said Agency held on August 23, 2002, and approved by the Mayor of the City of Minneapolis on August 28, 2002, and is a true and correct copy of the Document adopted at said meeting and on file and of record in the official Minutes of said Agency.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Agency this 28th day of August, 2002. I do hereby certify that I am duly authorized to execute this Certificate.

A handwritten signature in cursive script, reading "Virginia Parent", is written over a horizontal line. The signature is in dark ink and is positioned to the right of the center of the page.

(SEAL)

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The Operating Committee authorized the following for the State and Orpheum Theatres:

- a) Assign terms of Master Use Agreement for the fifth season (2003-2004) from Theatre Live! to Hennepin Theatre Trust , and
- b) Authorize execution of a consent and an addendum to the Master Use Agreement providing for the calculation of Performance Credits based on productions of Broadway Theater promoted by either TL! Or HTT

Commissioner **BENSON** moved approval Seconded. Approved.

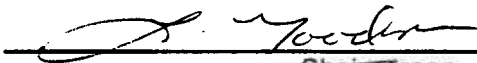

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson	X						Niziolek	X					
Biernat				X			Ostrow	X					
Colvin Roy	X						Schiff	X					
Johnson	X						Zerby	X					
Johnson Lee	X						Zimmermann	X					
Lane	X						Goodman, Chair	X					
Lilligren	X												
Vote: NV - Not Voting				Abs - Absent		Ovrd - Vote to Override		Sust - Vote to Sustain					

ADOPTED

AUG 23 2002

APPROVED
NOT APPROVED
VETOED

AUG 28 2002


Chairperson

Mayor

DOCUMENT NO. 2002-191M